



Legislative
Services Agency

MINUTES

Medical Assistance Projections and Assessment Council

January 24 and January 31, 2006

MEMBERS PRESENT:

Senator Maggie Tinsman, Co-chairperson
Senator Jack Hatch, Co-chairperson
Senator Jeff Angelo
Senator Bob Dvorsky
Senator Amanda Ragan
Senator James Seymour

Representative Danny Carroll, Co-chairperson
Representative Deborah Berry
Representative Ro Foege
Representative Dave Heaton
Representative Mark Smith
Representative Linda Upmeyer

MEETING IN BRIEF

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- I. Procedural Business.
- II. Discussion of IowaCare Premiums and Disenrollments.
- III. IowaCare Update — Broadlawns Medical Center (BMC) and University of Iowa Hospitals and Clinics (UIHC).
- IV. Iowa Department of Human Services.
- V. Identification of Issues.
- VI. Medicaid Program Expenditure Projections.
- VII. Materials Distributed and on File With the Legislative Services Agency — Legal Division.



Medical Assistance Projections and Assessment Council

I. Procedural Business.

Meeting Times. The third meeting of the Medical Assistance Projections and Assessment Council was initially convened on January 24, 2006, at 9:45 a.m. in House Committee Room 305 of the Statehouse. Due to interruption of the proceedings in order to evacuate the building for a fire alarm, the Council recessed at 11:25 a.m. and reconvened at 12:23 p.m. The members present determined there was insufficient time to complete deliberations, so the Council recessed on January 24 at 12:26 p.m. and reconvened on Tuesday, January 31, at 9:00 a.m. in Senate Committee Room 116. The meeting was adjourned on January 31 at 10:30 a.m.

Additional Members. The members of the Joint Appropriations Subcommittee on Health and Human Services who are not members of the council were invited to participate in this meeting. Those in attendance included Representative Polly Granzow and Representative Jim Kurtenbach.

II. Discussion of IowaCare Premiums and Disenrollments.

Overview. Former state Senator Charles Bruner and Mr. Victor Elias of the Child and Family Policy Center discussed areas of concern related to the IowaCare Program and the need for a short-term and long-term study of the program.

Areas of Concern. The major areas of concern identified by the presenters include questions regarding the capacity of the state to actually draw down the target of \$65 million in federal funding and the program implications if there is a shortfall, lack of coverage for pharmaceuticals and other benefit limits, understanding of the program and its benefits and limitations by enrollees, implications of premiums and co-payments relative to enrollees' ability to pay and to their health, the implications of premiums on enrollment, and on the ability to draw down federal funding.

The data presented indicates that out of 10,965 enrollees through October 1, 2005, 541 or 4.93 percent have been disenrolled and 60 percent of disenrollees have incomes less than 100 percent of the federal poverty level. A short-term study of disenrolled persons was suggested to determine the health situations that precipitated enrollment, experiences with the program in receiving services, and reasons for disenrolling. A long-term study was also recommended for a number of reasons, including the need to determine how IowaCare fits within the broad goal of meeting the health care needs of those without health insurance, how accessible IowaCare is, what needs IowaCare is and is not meeting, what other programs are addressing unmet needs, and what is needed to fill the gaps. The presenters also provided a significant amount of information concerning the role of the Medicaid and hawk-i Programs in providing health coverage for children.

Discussion. The Council discussed the effects of premiums on program enrollees, with some members expressing the belief that cost-sharing present a difficult financial barrier and others



stressing the importance of enrollees having an investment in their own health care. Several viewpoints were expressed regarding the suggestion made by the presenters to survey 50 disenrollees. Later in the meeting, the Council concurred with a proposal by Co-chairperson Hatch to proceed with that survey.

III. IowaCare Update – Broadlawns Medical Center (BMC) and University of Iowa Hospitals and Clinics (UIHC).

Broadlawns. Ms. Mikki Stier, BMC Senior Vice President for Government and External Relations, and Mr. Bob Lundeen, BMC Acting Chief Executive Officer, distributed materials and discussed the current status of IowaCare implementation between BMC, UIHC, and the Department of Human Services (DHS). The requirement for patient payment of premiums remains a significant issue as members of this population often do not have bank accounts, the premium payment requirement is new, and the individual may not understand how to indicate hardship. DHS and BMC are working on an arrangement by which BMC would be able to accept cash payments on behalf of DHS. Other issues include identifying contingencies if IowaCare enrollments are capped at 14,000 or another number, improving collaboration between DHS, BMC, and UIHC before additional IowaCare components are operationalized, implementing a requirement for income verification to be performed by DHS, the transfer of patients to the UIHC for higher levels of care, and considering legislative health policy changes to address premiums and transfers to UIHC.

Discussion – BMC.

- Representative Berry inquired about the statement concerning lack of funding for tertiary, special services, and other advanced levels of care. It was noted that this funding was eliminated when the Indigent Patient (State Papers) Program was eliminated and the funding was shifted to the IowaCare Program.
- It was stated that, in addition to IowaCare, Polk County funds mental health services. The BMC representatives agreed, noting that eligible clients may enroll in both programs.
- Co-chairperson Carroll clarified that while the former State Papers Program funded lodging and transportation expenses incurred in connection with care provided at UIHC, IowaCare only provides transportation assistance by UIHC assuming the cost.
- Co-chairperson Hatch suggested that those with health care needs who have incomes above 200 percent of the federal poverty level are not eligible for IowaCare under income requirements, but also cannot afford to pay costs for care provided at UIHC. Co-chairperson Carroll observed that someone with that income level was not likely to have been eligible under the State Papers Program.
- Representative Heaton and Co-chairperson Carroll asked for clarification of the information provided that Medicaid reimbursement only covers about 50 percent of the actual cost of services. After discussion, several members requested that additional



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information about actual costs, billed costs, and reimbursable costs be provided at a future meeting.

- Iowa Medicaid Director, Mr. Gene Gessow, DHS, noted that usually the maximum Medicaid reimbursement is the same as the Medicare maximum, but BMC and UIHC receive their costs. Co-chairperson Tinsman received clarification that the \$3.6 million claim figure listed in the information provided is only the state dollars and other claims are pending approval. Mr. Gessow explained there are three sources that will draw federal funds: claims (estimated to be \$10-12 million), Medicaid disproportionate share funding, and graduate medical education.

UIHC. Dr. Stacey Cyphert, UIHC Senior Assistant Director, distributed materials and made a presentation. He provided the following information:

- 13,191 people are enrolled statewide in IowaCare or the Chronic Care Program being operated by UIHC for recipients under the phased-out State Papers Program.
- Over 15,800 people have been enrolled at some point in time.
- 4,424 different IowaCare or Chronic Care patients have already been seen at the UIHC.
- 35.2 percent of the people who have had or currently are scheduled for an appointment at the UIHC previously had a State Paper or an Ortho Paper.
- 17,977 visits for IowaCare or Chronic Care patients have already occurred at the UIHC.

Dr. Cyphert explained that the patient background information suggests that some receiving IowaCare are not residents of the state. Determining eligibility is a state responsibility, explained Mr. Gessow, and the state will follow up to ensure that fraud has not been committed.

Discussion — UIHC. Co-chairperson Hatch expressed a wish to see more data comparisons between IowaCare and the State Papers Program that was eliminated and replaced by IowaCare. He noted that the information received suggests that two-thirds of IowaCare enrollees were not enrolled in the State Papers Program before enrollment in IowaCare. Members noted that the requirements for eligibility for the State Papers Program varied by county.

IV. Iowa Department of Human Services.

Overview. DHS Director Kevin Concannon, Mr. Gessow, and Ms. Jennifer Vermeer, Assistant Medicaid Director, distributed materials and presented information.

In response to Dr. Cyphert's concern, it was noted that reenrollment in IowaCare will be coming up once clients have been in the program for 12 consecutive months, and that some sort of system will be needed to remind clients to reapply.

Program Update. Ms. Vermeer discussed IowaCare enrollment, expenditures, projections, and premiums. Regarding premiums, data in November 2005 indicated that 50 percent of



enrollees are not required to pay a premium with incomes at 10 percent or below the federal poverty level, 13 percent claimed a hardship, 23 percent paid a premium, and 14 percent were classified as no response. Ms. Vermeer indicated that the IowaCare disenrollment rate due to failure to respond to premium notices is approximately 5-5.8 percent, which is comparable to approximately 4 percent in the hawk-i Program during the previous fiscal year. Of these IowaCare disenrollments, 86 percent had no claims while enrolled. Half of the disenrollments reside in Polk County, while Polk County residents comprise about 41 percent of total enrollment.

DHS Questions. In response to a question from Co-chairperson Carroll, it was indicated that a side benefit of the IowaCare enrollment is the significant number of persons found to be eligible for the regular Medicaid Program.

V. Identification of Issues.

Prior to recess of the Council on January 24, Co-chairperson Hatch suggested that DHS be asked to coordinate with BMC and UIHC to resolve the issues raised on January 24 and to report to LSA staff regarding the issues so the information can be forwarded to the Council members.

VI. Medicaid Program Expenditure Projections.

Overview. Ms. Kerri Johanssen, LSA Fiscal Services analyst, explained the process used by LSA, DHS, and the Department of Management to develop monthly Medicaid expenditure estimates. She highlighted various spreadsheet assumptions to explain options that may be applied by the Council members in developing the Council's estimate, as is required by statute.

Discussion. Members asked about various aspects, including the base expenditure estimate for FY 2005-2006 of \$704 million in state funding; numbers of new eligibles expected to enroll; impact of the change in the federal match rate percentage; costs of increasing nursing facility reimbursement rates; costs of eliminating Medicaid home and community-based services waiver waiting lists; the fact that while a large number of enrollments are children and families, the majority of costs are associated with enrollees who are aged or have a disability; and the cost of increasing the personal needs allowance for nursing facility residents.

Mr. Hugh Ceaser, Department of Management, responded to a question about reasons for significant increase in expenditures by explaining that Iowa's action to end reliance on intergovernmental transfers for funding of Medicaid will result in significant expenditure increases in future years. Some members noted that the Medicaid expenditure figure has become so large that relatively modest percentage increases amount to relatively large expenditure increases.



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Projection Agreement. It was suggested that since the projection of the need for a supplemental appropriation for FY 2005-2006 has steadily declined in recent months, it would be reasonable for the Council to defer formal agreement on an estimate of Medicaid expenditures until a later date after March. The suggestion was accepted without objection.

VII. Materials Distributed and on File With the Legislative Services Agency — Legal Division.

The following documents were distributed to members in connection with the meeting and can be accessed through the Council's Internet page:

<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=70>

1. Child and Family Policy Center Materials:
 - a. IowaCare Issues.
 - b. Medicaid Cost Sharing.
 - c. Medicaid Cost-Sharing Effects.
 - d. Medicaid Out-of-Pocket Expenses.
2. Broadlawns Medical Center (BMC) IowaCare Update.
3. University of Iowa Hospitals and Clinics (UIHC) IowaCare Update.
4. Department of Human Services (DHS) IowaCare Update.
5. DHS Medicaid Reform Activities.
6. Iowa Medicaid Enterprise (IME) Performance Report, presented to the House Human Resources Committee on February 1, 2006.

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